

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-15 AID-05 EB-08
NSC-05 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00
FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04
SIL-01 L-03 H-02 PA-02 PRS-01 EAE-00 /109 W
-----281455Z 028077 /43

P R 280936Z APR 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 7352
TREASURY DEPT WASHDC PRIORITY
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMCONSUL HONG KONG
USMISSION OECD PARIS
USMISSION EC BRUSSELS

UNCLAS SECTION 1 OF 2 TOKYO 6316

PASS CEA, FEDERAL RESERVE AND COMMERCE

E.O. 11652: N/A
TAGS: EFIN, JA
SUBJECT: FINANCIAL AND ECONOMIC DEVELOPMENTS -- APRIL 21-27

1. SUMMARY: INDUSTRIAL PRODUCTION AND PRODUCERS' SHIPMENTS BOTH CHALKED UP HEALTHY INCREASES IN MARC. HOWEVER, DEPARTMENT STORE SALES DECLINED SLIGHTLY IN THAT MONTH ALTHOUGH FIRST QUARTER SALES FIGURES REPRESENT SOLID ADVANCE. IN WAKE OF RECENT DISCOUNT RATE CUT, SEVERAL INTEREST RATE REDUCTIONS WERE ANNOUNCED THIS WEEK. TOKYO CPI ROSE SHARPLY IN APRIL.
END SUMMARY.

2. INDUSTRIAL PRODUCTION AND PRODUCERS' SHIPMENT, SEASONALLY ADJUSTED, BOTH REGISTERED HEALTHY INCREASES IN MARCH, ACCORDING TO UNCLASSIFIED

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PRELIMINARY MITI ESTIMATES. STRONG PERFORMANCE OF MOTOR VEHICLE INDUSTRY (WHICH RECORDED 8.8 AND 9.1 PERCENT JUMPS IN PRODUCTION AND SHIPMENTS RESPECTIVELY) WAS SUBSTANTIAL CONTRIBUTOR TO 0.9 PERCENT INCREASE IN MING AND MANUFACTURING PRODUCTION (. '38 212) AND 1.8 PERCENT RISE IN PRODUCERS' SHIPMENTS OF FINISHED GOODS FOR MINING AND MANUFACTURING IDNSUTRIES (JEI 239). PRODUCERS' INVENTORIE
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OF FINISHED GOOD RECORDED FIRST DROP IN SEVEN MONTHS AND RATIO OF INVENTORY TO FINISHED GOODS SHIPMENT (JEI 253) ALSO FELL. REVISED S.A. INDUSTRIAL PRODUCTION SHIPMENTS AND INVENTORIES DATA (REFLECTING NEW S.A. FACTORS) INDICATE THAT WHILE INDUSTRIAL PRODUCTION WAS FLAT IN FIRST QUARTER, SHIPMENTS OF FINISHED GOODS ADVANCED AT NEARLY 10 PERCENT ANNUAL RATE. FURTHER DETAILS ON MARCH PRODUCTION AND SHIPMENTS INCLUDING REVISED S.A. DATA FOR MARCH 1976-FEB 1977 PERIOD REPORTED TOKYO 6185.

INDEX, S.A., 1970 EEQUALS 100; PERCENT CHANGE FROM PRIOR PERIOD IN PAREN

	MIN, MFG.	PRODUCERS,	INVENTORY TO
	PRODUCTION	SHIPMENTS	SHIPMENTS RATIO
1976 APR-MAR	124.4(4.4)	128.2(3.2)	123.6(-4.5)
JUL-SEP	126.5(1.7)	130.3(1.6)	122.2(-1.1)
OCT-DEC	128.7(1.7)	130.7(0.3)	125.2(2.5)
1977 JAN-MAR	128.7(0.0)	133.9(2.4)	125.9(0.5)

RECENT MONTHS:

1976 DEC	129.6(-0.1)	131.9(-0.3)	127.2(2.3)
1977 JAN	130.0(0.3)	134.6(2.0)	125.6(-1.3)
FEB	127.5(-1.9)	132.3(-1.7)	128.0(1.9)
MAR	128.7(0.9)	134.7(1.8)	124.1(-3.0)

3. MARCH DEPARTMENT STORE SALES, SEASONALLY ADJUSTED, DECLINED SLIGHTLY FOR SECOND MONTH IN ROW. NEARLY ALL SALES CATEGORIES RECORDED DECLINES WITH S.A. DECREASES ESPECIALLY MARKET FOR HOUSEWARES AND FURNITURE (DOWN 5.9 PERCENT) AND FOODS (DOWN 3.6 PERCENT). DESPITE MODEST DECLINES IN FEB AND MARCH, THE LARGE JAN SALES INCREASE RESULTED IN STRONGEST QUARTERLY UNCLASSIFIED

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PERFORMANCE IN DEPARTMENT STORE SALES (JEI 302) SINCE JAN-MARCH 1976.

INDEX, 1970 EQUALS 100) S.A.	PERCENT CHANGE
	FROM PRIOR PERIOD
RECENT QUARTERS (MONTHLY AVERAGE)	
1976 APR-JUNE 242.7	0.5
JUL-SEP 246.5	1.6
OCT-DEC 250.3	1.5
1977 JAN-MARCH 258.3	3.2

RECENT MONTHS:

1976 DEC 246.4	MIN 1.6
1977 JAN 263.5	6.9
FEB 257.9	MIN 2.1
MARCH 253.6	MIN 1.7

4. GOVT AND PRIVATE FINANCIAL BODIES CONTINUED TO LOWER DOMESTIC INTEREST RATES. FOLLOWING DISCOUNT RATE CUT. COMMERCIAL BANKS AND SECURITIES HOUSES AGREED APRIL 25 WITH THE FINANCE MINISTRY AND THE AND THE BANK OF JAPAN (BOJ) TO LOWER LONG-TERM PRIME RATES BY 0.8 PERCENT TO 8.4 PERCENT AND EFFECTED THIS REDUCTION APRIL 28.

COMMERCIAL BANKS ALSO AGREED TO REDUCE RATES ON NEW LONG-TERM HOUSING LOANS BY UP TO 0.6 PERCENT OT 8.4 PERCENT, EFFECTIVE MAY 9, AND REPORTEDLY WILL LOWER RATES ON OUTSTANDING HOUSING LOANS BY 0.3 PERCENT AFTER MID-YEAR. ON TUESDAY, APRIL 26, BOJ, ACTING ON RECOMMENDATION OF INTEREST RATES ADJUSTMENT COUNCIL, ANNOUNCED REDUCTIONS RANGING FROM 0.75 TO 1 PERCENT ON TIME DEPOSIT INTEREST RATES EFFECTIVE MAY 6. HOWEVER, THE BANK DECIDED TO KEEP UNTIL YEAR-END FOR WELFARE PENSIONERS ON THEIR DEPOSITS OF LESS THAN ONE MILLION YEN THE CURRENT 6.75 PERCENT RATE PAID BY COMMERCIAL BANKS ON ONE-YEAR TIME DEPOSITS. YESTERDAY, POST AND TELCOMMUNICATIONS MINISTER KOMIYAMA REPORTEDLY DECIDED TO PROPOSE LOWERING INTEREST RATES ON POSTAL SAVINGS DEPOSITS IN LATE MAY OR EARLY JUNE.

5. TOKYO CPI JUMPED 1.6 PERCENT IN APRIL, THE LARGEST INCREASE IN SEVEN MONTHS. DESPITE SIZE OF APRIL INCREASE
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THE ANNUAL RISE IN CPI FELL TO 8.4 PERCENT, MARKING FIRST TIME SINCE OCT 1976 ANNUAL INCREASE HAS DROPPED BELOW 9 PERCENT LEVE. APRIL INCREASES IN CPI -- WHICH IS NOT SEASONALLY ADJUSTED -- ARE TYPICALLY LARGE DUE TO TUITION HIKES AT BEGINNING OF SCHOOL YEAR. APRIL 1977 INCREASE IN EDUCATION EXPENSES WAS 16 PERCENT FROM PRIOR MONTH WHILE TELECOMMUNICATIONS FEES ROSE 6 PERCENT AND SMALLER INCREASES WERE RECORDED FOR DRIED FISH AND FRESH FISH AND SHELLFISH.

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SIL-01 L-03 H-02 PA-02 PRS-01 EAE-00 /109 W
-----281452Z 028667 /43

P R 280936Z APR 77

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 7353

TREASURY DEPT WASHDC
 INFO AMEMBASSY BONN
 AMEMBASSY LONDON
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 AMEMBASSY ROME
 AMCONSUL HONG KONG
 USMISSION OECD PARIS
 USMISSION EC BRUUSELS

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	INDEX, N.S.A. (1975-100)	PERCENT INCREASE FROM PRIOR MONTH
JAN	115.5	1.2
FEB	116.1	0.5
MAR	116.6	0.4
APR	118.5	1.6

6. MINISTRY OF FINANCE RELEASED REVISED MARCH BALANCE OF PAYMENTS DATA APRIL 26, SOWING ONLY MINOR REVISIONS FROM PRELIMINARY FIGURES TRANSMITTED (TOKYO 5588). ADDITIONAL DATA O LONG-TERM CAPITAL ACCOUNTS NOW AVAILABLE REPORT HEAVY OUTFLOWS AND INFLOWS DURING MARCH.

A. FOLLOWING ARE REVISED DATA ON MARCH B/P IN MILLION DOLLARS (IMF BASIS, NOT SEASONALLY DJUSTED). ALL ITEMS ARE PLUS (I.E. RECEIPTS)
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UNLESS SHOWN AS "MIN."

	REVISED	PROVISIONAL
(1) CURRENT BALANCE	866	880
TRADE BALANCE	1,560	1,560
EXPORTS	7,064	7,060
IMPORTS	MIN 5,504	MIN 5,500
(2) LONG-TERM CAPITAL	MIN 228	MIN 680
(3) BASIC BALANCE	638	MIN 240
(4) NON-MONETARY SHORT-TERM CAPITAL AND ERRORS AND OMISSIONS COMBINED	297	300
(5) OVERALL BALANCE	935	940
(6) COMMERCIAL BANKS SHORT-TERM NET POSITION	MIN 758	MIN 760
(7) OFFICIAL SETTLEMENTS BALANCE	177	180

B. SEASONALLY ADJUSTED MAJOR BALANCES AS FOLLOWS: NOTE THAT MOF SEASONALLY ADJUSTS EXPORTS AND IMPORTS ONLY AND ALL OTHER BALANCES ARE DERIVED.

	REVISED	PROVISIONAL
(1) CURRENT BALANCE	795	809

TRADE BALANCE	1,489	1,489
EXPORTS	6,645	6,641
IMPORTS	MIN 5,156	MIN 5,152
(2) BASIC BALANCE	567	569.
(3) OVERALL BALANCE	864	869
(4) OFFICIAL SETTLEMENTS BALANCE	106	109

C. FOLLOWING ARE DETAILS NOW AVAILABLE ON LONG-TERM CAPITAL
TRANSACTIONS IN MARCH:

	ASSETS	LIABILITIES
DIRECT INVESTMENT	MIN 262	MIN 3
LOANS	MIN 158	7
TRADE CREDITS	MIN 225	1
EXTERNAL BOND ISSUES	0	262
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OTHERSECURITY TRANSACTIONS	MIN 24	161
OTHER	13	0
TOTAL	MIN 656	428
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DEVELOPMENT, FINANCIAL STABILITY, INDUSTRIAL PRODUCTION, TRADE DATA
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Disposition Comment:
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Disposition Event:
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Disposition Reason:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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From: TOKYO
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Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Retention: 0
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Review Release Date: n/a
Review Release Event: n/a
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Review Withdrawn Fields: n/a
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TAGS: EFIN, ECON, JA
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vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a2bd2fa7-c288-dd11-92da-001cc4696bcc
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